

EPA Region 5 Records Ctr.

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March 23, 2005

# **VIA UPS OVERNIGHT**

Craig Melodia U.S. EPA - Region 5 Office of Regional Counsel 77 West Jackson Boulevard - C-14J Chicago, IL 60604

RE: 104(e) Information Request for Solvay Coke & Gas, Milwaukee, Wisconsin

Dear Mr. Melodia:

By letter stamped March 8, 2004, U.S. EPA directed a 104(e) information request to "American Natural Gas Co., c/o Wisconsin Gas Co." On behalf of Wisconsin Gas LLC, I provide the following information.

Wisconsin Gas has already responded to U.S. EPA's 104(e) information request for this site on its own behalf. Wisconsin Gas cannot respond on behalf of American Natural Gas Co.

Wisconsin Gas is not American Natural Gas, and has had no corporate relationship with American Natural Gas since June 30, 1975. Prior to that time, Wisconsin Gas was a subsidiary of American Natural Gas. Even if Wisconsin Gas were still a subsidiary of American Natural Gas – which it is not – it would not be appropriate for a subsidiary to attempt to speak for a parent company as the subsidiary does not have the authority to take action on behalf of the parent, or legally bind the parent, unless the subsidiary has been duly authorized to do so by the parent.

Wisconsin Gas is not the corporate successor to American Natural Gas, nor does Wisconsin Gas know who the current corporate successor to American Natural Gas is.

Because Wisconsin Gas was a subsidiary of American Natural Gas, Wisconsin Gas does have copies of some American Natural Gas annual reports. We enclose for your information a copy of page 4 from the 1962 annual report where the sale of Milwaukee Solvay Coke Company's assets is mentioned, along with reference to its subsequent liquidation; and a copy of page 2 from the 1975 annual report which mentions the distribution of Wisconsin Gas stock to

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shareholders (under Earnings and Dividends), and the planned name change from American Natural Gas Company to American Natural Resources Company.

Very truly yours,

QUARNES & BRADY LLP

Rachel A. Schneider

RS2:lg1 Enclosure

cc: Susan Martin

# AMERICAN NATURAL GAS COMPANY



ANNUAL REPORT 1962

the balance of our capital requirements was obtained through short-term bank borrowings and cash available from operations. Cash requirements of System companies in the current year in excess of funds available from operations will be obtained through bank loans. It is expected that two of our subsidiaries will sell bonds in 1963 to refund outstanding issues bearing a higher interest rate. It is not contemplated that any common stock of American Natural will be sold for financing purposes in 1963; our last sale was in 1959.

#### Dividends

The dividend on common stock was increased from a quarterly rate of  $30\phi$  to  $35\phi$  per share with the payment made February 1, 1963. Our common stock has an unbroken dividend record of fifty-nine years; only 77 of the approximately 1,200 companies listed on the New York Stock Exchange have a longer record.

# Sale of Milwaukee Solvay Coke Company

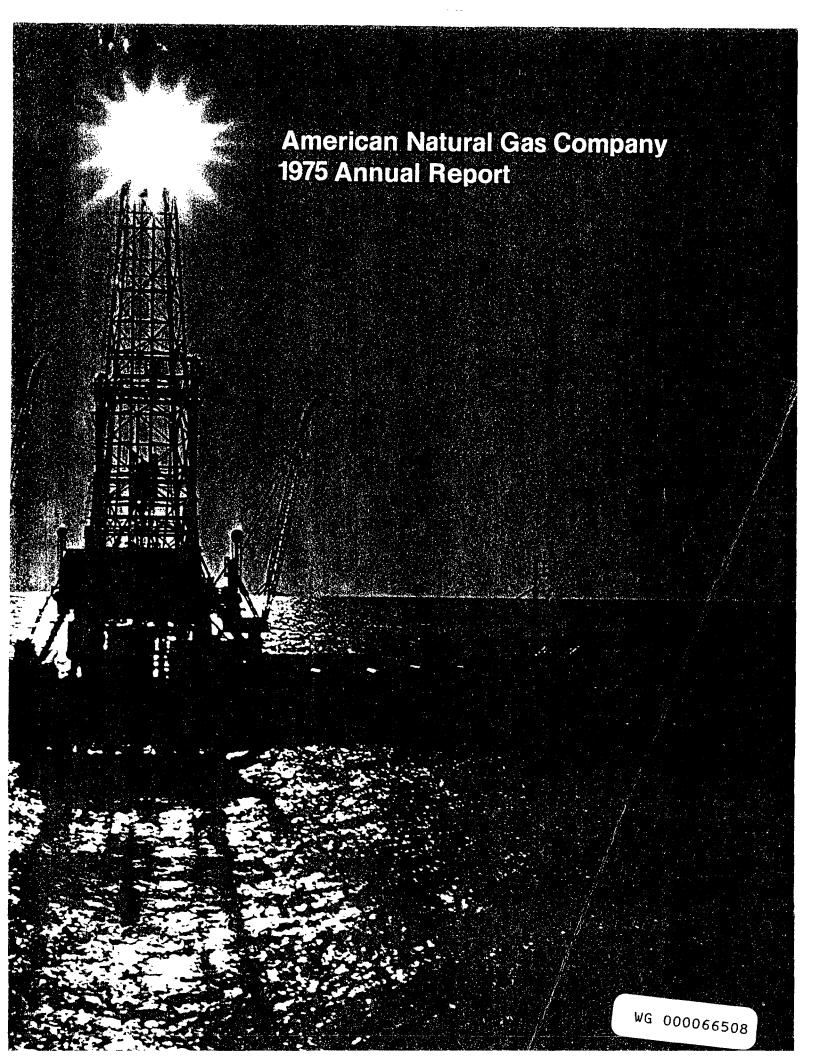
Our subsidiary Milwaukee Solvay Coke Company sold all of its physical assets in June of 1962 and was liquidated shortly before the end of the year. Prior to the introduction of natural gas in Milwaukee in 1950, the Coke Company was a valuable adjunct to our gas utility operations since it furnished the major portion of our Milwaukee Gas Light Company's supply in the form of coke oven gas. After the changeover to natural gas, the importance of the Coke Company to our utility operations was substantially reduced. The sale of the Coke Company will enable American Natural to utilize the proceeds of approximately \$5,000,000 in more profitable investments in the natural gas distributing and pipeline subsidiaries.

#### New Office Building

At year end our Michigan Consolidated Gas Company and our two pipeline companies moved into a new 32-story office building located in the heart of Detroit's Civic Center. Office operations formerly scattered in seven different buildings throughout the city are now consolidated in the building for greater convenience and efficiency. The cover of this report features our beautiful new building, designed by the famous architect Minoru Yamasaki.

# Management Changes

Mr. Howard J. Tobin became president of Milwaukee Gas Light Company and was elected a director of American Natural Gas Company at the end of 1962. Mr. Tobin, formerly vice president of Northwestern Mutual Life Insurance Company,



# To the Stockholders

American Natural Gas Company strengthened its position as a leader in the natural gas industry in 1975, increasing earnings to a record high while making significant progress in programs to develop new gas supplies. The System is in excellent condition and has a strong earnings base on which to build in the future.

# Earnings and Dividends

During 1975 our net income topped \$100 million for the first time, rising from \$92.2 million in 1974 to \$102 million, or an increase of 10.6 percent. In March 1975, American Natural sold two million shares of common stock, but despite this substantial increase in the number of shares outstanding, the Company's earnings per share increased from \$5.00 in 1974 to \$5.11 for 1975. In the five years since 1970, our earnings per share have increased over 50 percent.

These reported earnings include the contribution provided by Wisconsin Gas Company prior to the distribution of the stock of that company to American Natural's stockholders effective June 30, 1975. If Wisconsin Gas' earnings are excluded, American Natural's net income rose from \$82.4 million in 1974 to \$92.3 million in 1975, or an increase of 12 percent.

While American Natural maintained its annual dividend rate at \$2.54 per share during the year, the distribution of Wisconsin Gas' stock and the subsequent declaration of dividends by that company had the effect of increasing total dividend payments to stockholders by 34 cents per share on an annual basis.

# Exemption from the Holding Company Act

While we regretted severing our ties with Wisconsin Gas Company, that action was necessary to enable American Natural to obtain an exemption from the Public Utility Holding Company Act of 1935, which imposed limitations on our ability to finance and restricted the Company to the gas utility business and functionally related activities.

One of our objectives in obtaining an exemption from the Holding Company Act was to permit American Natural to take advantage of corporate opportunities outside the gas business. We anticipate that our diversification will come both from growth from within, particularly the sale of coal and byproducts from coal gasification, and from mergers and acquisitions outside the System.

### Change of Company Name

From its organization in 1901 to 1949, our parent company was known as American Light and Traction Company. With the advent of our first natural gas pipeline in 1949, the name was changed to American Natural Gas Company to reflect the change in the business in which we were engaged. However, we feel that the Company's name no longer describes the dimensions of the enterprise. Accordingly, at the Company's annual meeting in April, 1976 we will ask stockholders to change the name of the parent company to American Natural Resources Company.

This change will reflect the fact that, while our principal business will continue to be the production, transportation and distribution of natural gas, we are in the broader field of natural resources development and expect to expand into other allied areas of activity.

# Gas Supply

With respect to gas supply, the American Natural System is recognized as having perhaps the best overall gas supply of any major interstate system in the country.

Our pipeline subsidiary has staked out major claims to gas reserves in the offshore Louisiana and Texas areas of the Gulf of Mexico through advance payment agreements. We presently operate over 300 miles of large diameter pipeline in the offshore Louisiana area. In offshore Texas, we are now in the process, with four partners, of planning the construction of a major new pipeline which will connect with facilities we built several years ago in anticipation of the development of this new supply area. We hope to have substantial gas volumes flowing through the new pipeline in the Fall of 1977.

# **Exploration and Development**

The American Natural System is in the early stages of a program to explore for and develop gas supplies for its own account. having increased annual expenditures for this purpose from about \$5 million in 1972 to an average of about \$50 million in each of the past two years. We anticipate spending an equivalent amount annually for the next five years and, by the end of that time, expect to be producing significant quantities of gas for our System. A new System subsidiary, Michigan Natural Resources Company, has been formed to conduct exploration and production activities in the State of Michigan.